

UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA



United States of America ex rel.
The Tarbell Group, LLC,

Plaintiff

v.

Cheers,
Employee Activity Association Inc.,
Glen Allen Community Center,
Lake Ridge Parks & Recreation Association
Inc.,
The Metropolitan Business League,
Mid-Eastern Athletic Conference,
National Association of Telecommunications
Officers and Advisors,
Southampton Recreation Association, and
Virginia Rush Soccer Inc.,

Defendants

Case no. 1:24cv849

**FILED UNDER SEAL PURSUANT TO
31 U.S.C. § 3730(b)(2)**

FIRST AMENDED COMPLAINT

Nature of the Case

1. Relator The Tarbell Group, LLC, brings this action for itself and the United States under the False Claims Act, 31 U.S.C. §§ 3729-3733, to recover funds illegally obtained by the defendants under federal COVID-19 relief laws.

Jurisdiction and Venue

2. The Court has jurisdiction of, and is the appropriate venue for, this matter because it arises under a federal law, because the United States is a plaintiff, and because in this judicial district each defendant can be found, resides, transacts business in, or committed an act proscribed by the False Claims Act. 28 U.S.C. §§ 1331, 1345; 31 U.S.C. § 3732(a).

Parties—Relator

3. Relator The Tarbell Group, LLC, is a limited liability company located in and organized under the laws of the Commonwealth of Virginia.

Parties—501(c)(4) Defendants

4. Defendant Cheers is a Tax-Exempt 501(c)(4) Organization. On the loan application(s) at issue herein, this defendant gave its address as 210 Giant Drive, Richmond, VA.

5. Defendant Employee Activity Association Inc. is a Tax-Exempt 501(c)(4) Organization. On the loan application(s) at issue herein, this defendant gave its address as 1306 Vincent Place, McLean, VA.

6. Defendant Glen Allen Community Center is a Tax-Exempt 501(c)(4) Organization. On the loan application(s) at issue herein, this defendant gave its address as 10800 Brookley Road, Glen Allen, VA.

7. Defendant Lake Ridge Parks & Recreation Association Inc. is a Tax-Exempt 501(c)(4) Organization. On the loan application(s) at issue herein, this defendant gave its address as 12350 Oakwood Drive, Lake Ridge, VA.

8. Defendant The Metropolitan Business League is a Tax-Exempt 501(c)(4) Organization. On the loan application(s) at issue herein, this defendant gave its address as 707 East Main Street, Suite 1615, Richmond, VA.

9. Defendant Mid-Eastern Athletic Conference is a Tax-Exempt 501(c)(4) Organization. On the loan application(s) at issue herein, this defendant gave its address as 2730 Ellsmere Avenue, Norfolk, VA.

10. Defendant National Association of Telecommunications Officers and Advisors is a Tax-Exempt 501(c)(4) Organization. On the loan application(s) at issue herein, this defendant gave its address as 1800 Diagonal Road, Suite 495, Alexandria, VA.

11. Defendant Southampton Recreation Association is a Tax-Exempt 501(c)(4) Organization. On the loan application(s) at issue herein, this defendant gave its address as 3201 Chellowe Road, Richmond, VA.

12. Defendant Virginia Rush Soccer Inc. is a Tax-Exempt 501(c)(4) Organization. On the loan application(s) at issue herein, this defendant gave its address as 2044 Landstown Centre Way, Virginia Beach, VA.

Background

13. To provide economic relief and stimulate the economy during the COVID-19 pandemic, Congress in 2020 enacted the Coronavirus Aid, Relief, and Economic Security Act, Pub. L. 116-136, amended by, inter alia, the Paycheck Protection Program Flexibility Act of 2020, Pub. L. 116-142 and the American Rescue Plan Act of 2021, Pub. L. 117-2 (2021) (together with implementing regulations, referred to herein as the “PPP Program”). The PPP Program effectively transferred money from the federal government to eligible recipients via the United States Small Business Administration (“SBA”). The transfers took the form of private loans guaranteed, forgiven and reimbursed by SBA (“PPP Loans”). PPP Loan recipients could receive up to two loans, one in each of two tranches, each called a “draw,” i.e., first-draw and second-draw PPP Loans.

14. As a condition of receiving PPP Loans and forgiveness thereof, each applicant was required to certify its eligibility under the PPP Program.

15. The PPP Program always excluded Tax-Exempt 501(c)(4) Organizations from eligibility.

16. Defendants each applied for and received PPP Loans for which they were legally ineligible.

PPP Loans

17. Defendants received approval for, and forgiveness of, their PPP Loans on the dates and in the amounts shown on the table attached hereto, despite being legally ineligible for the same.

**Cause of Action
False Claims Act, 31 U.S.C. § 3729**

18. Relator repeats and realleges each of the foregoing paragraphs.

19. Each defendant was ineligible to receive its PPP Loan(s) at the time it applied and received approval for the same.

20. Each defendant did knowingly present, or cause or be presented, a false or fraudulent claim for payment or approval, to the injury of the United States, by falsely certifying that it was eligible for a PPP Loan and forgiveness thereof and thereby receiving the same.

21. Each defendant did knowingly make, use, or cause to be made or use, a false record or statement material to a false or fraudulent claim, to the injury of the United States, by falsely certifying that it was eligible for a PPP Loan and forgiveness thereof and thereby receiving the same.

22. Each defendant did knowingly make, use, or cause to be made or used, a false record or statement material to, or did knowingly conceal, or did knowingly and improperly avoid or decrease, an obligation to pay or transmit money or property to the United States government, by falsely certifying that it was eligible for a PPP Loan and forgiveness thereof and thereby receiving the same.

Prayer for Relief

23. WHEREFORE, Relator prays for the following relief against each defendant:

- a. A declaration that each defendant did violate the False Claims Act;

- b. An amount thrice the amount of PPP Loans and interest forgiven or otherwise not repaid with respect to each defendant, lending fees paid by SBA, foregone interest, and all other damages suffered by the United States government, plus civil penalties and applicable interest, under 31 U.S.C. § 3729(a)(1);
- c. The cost of this civil action, apportioned to each defendant respectively in proportion to its share of the aggregate damages recouped herein, under 31 U.S.C. § 3729(a)(3);
- d. An award to relator, including its reasonable expenses, attorneys' fees, and costs, under 31 U.S.C. § 3730(d)(1) or (2), as applicable; and
- e. Such other and further relief as may be just and proper.

Demand for Jury Trial

24. Relator demands a trial by jury.

Respectfully submitted,



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